

Message Text

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PAGE 01 GENEVA 03338 090950Z

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TAGS: CSCE EGEN ETRD

SUBJECT: CSCE: CONSISTENCY OF BASKET II TEXTS WITH TRADE ACT

1. SUMMARY: IN RESPONSE TO INTEREST EXPRESSED BY DEPARTMENT IN THIS SUBJECT: USDEL HAS REVIEWED BASKET II TEXTS PROVISIONALLY AGREED AND UNDER CONSIDERATION IN RELATION TO U.S. 1974 TRADE ACT. OUR CONCLUSION IS THAT TEXTS PROVISIONALLY AGREED THUS FAR ARE CONSISTENT WITH TRADE ACT, AND IN CASES WHERE THERE IS A DIRECT RELATIONSHIP, OBJECTIVES OF CSCE TEXTS RUN IN SAME DIRECTION AS US OBJECTIVES IN TRADE ACT. WITH REGARD TO TEXTS UNDER CONSIDERATION, SUCH AS SAFEGUARDS AND MFN/RECIPROCITY, US INSTRUCTIONS AND POSITIONS FULLY REFLECT NEED FOR CONSISTENCY WITH TRADE ACT. END SUMMARY.

2. SINCE CSCE TEXTS REPRESENT COMPROMISES AMONG 35 PARTICIPANTS, INCLUDING MANY WITH DRASTICALLY DIFFERENT ECONOMIC POLICIES AND PRACTICES THAN OURS, IT WOULD OBVIOUSLY BE IMPOSSIBLE TO HAVE OUR VIEWS REFLECTED COMPLETELY AND IN FULL DETAIL IN CSCE TEXTS. HOWEVER,
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PAGE 02 GENEVA 03338 090950Z

A NUMBER OF SPECIFIC US OBJECTIVES IN TRADE ACT ARE OR

WILL BE REFLECTED IN CSCE TEXTS. (NOTE: OUR DESCRIPTION OF US OBJECTIVES IS DRAWN FROM SENATE FINANCE COMMITTEE SUMMARY OF THE TRADE ACT.)

(A) OBJECTIVE OF HARMONIZING, REDUCING OR ELIMINATING TARIFFS AND NON-TARIFF DISTORTIONS: TEXTS IN DOCUMENT D/101 UNDERLINE ROLE OF TRADE IN ECONOMIC GROWTH. D/102 NOTES POSSIBILITIES FOR EXPANDING TRADE. D/162 NOTES NEED TO FACILITATE TRADE AND D/117 DECLARES AN INTENTION TO FOSTER A STEADY GROWTH OF TRADE. IT IS INTENDED ALSO TO HAVE A PARAGRAPH CONCERNING ELIMINATION OF BARRIERS, BUT THIS HAS NOT YET BEEN AGREED.

(B) OBJECTIVE OF CREATION OF FAIR AND EQUITABLE CONDITIONS OF TRADE AND REFORM TO THE TRADING SYSTEM: THE BULK OF THE TRADE TEXTS RELATE TO CHANGED OR IMPROVED PERFORMANCE TO FACILITATE TRADE AND ARE CONSISTENT WITH THIS OBJECTIVE. THIS IS PARTICULARLY TRUE CONCERNING THE PROVISIONS ON IMPROVED BUSINESS INFORMATION, FACILITIES AND CONTRACTS.

(C) OBJECTIVE OF ATTAINMENT OF BETTER INTERNATIONAL SAFEGUARD PROCEDURES DESIGNED TO PERMIT THE USE OF TEMPORARY SAFEGUARD MEASURES TO EASE ADJUSTMENTS: THE CSCE TEXT CURRENTLY UNDER CONSIDERATION DOES NOT DEAL WITH SAFEGUARDS IN DETAIL, BUT RECOGNIZES THE NEED FOR THEM. USDEL HAS INSISTED ON LANGUAGE CONSISTENT WITH THE TRADE ACT DISTINCTION BETWEEN IMPORTS FROM COMMUNIST COUNTRIES AND OTHERS.

(D) OBJECTIVE OF SUPPLY ACCESS PROVISIONS: THE CSCE TEXTS DO NOT DEAL WITH THIS ISSUE. AN EC PROPOSAL TO DO SO FOUNDERED ON CANADIAN OBJECTIONS.

(E) OBJECTIVE OF USE OF BILATERAL TRADE AGREEMENTS WHERE THESE BETTER SERVE US INTERESTS THAN MULTILATERAL AGREEMENTS: DOCUMENT D/156 RECOGNIZES THE IMPORTANCE OF BILATERAL AS WELL AS MULTILATERAL AGREEMENTS FOR THE DEVELOPMENT OF TRADE, AND D/157 STATES THAT PARTICIPATING COUNTRIES WILL CONSIDER FAVORABLY THE CONCLUSION IN APPROPRIATE CASES OF SPECIFIC BILATERAL AGREEMENTS CON-

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PAGE 03 GENEVA 03338 090950Z

CERNING VARIOUS PROBLEMS, INTER ALIA IN THE TRADE FIELD.

(F) OBJECTIVE OF HAVING SPECIAL PROVISIONS IN TRADING ARRANGEMENTS WITH EASTERN COUNTRIES, INCLUDING THE NEED TO OBTAIN A SATISFACTORY BALANCE OF CONCESSIONS AND PRESERVING THE POSSIBILITY OF SUSPENDING OR WITHDRAWING NON-DISCRIMINATORY TREATMENT AT ANY ONE TIME: THE KEY CSCE TEXT ON MFN/RECIPROCITY IS STILL UNDER CONSIDERATION. USDEL

IS OF COURSE INSISTING ON LANGUAGE CONSISTENT WITH THE
TRADE ACT PROVISIONS, AND ANY LANGUAGE DEVELOPED WILL
BE CAREFULLY CONSIDERED IN THAT LIGHT BEFORE FINAL APPROVAL.

(G) OBJECTIVE OF PROVISIONS FOR SETTLEMENT OF COMMERCIAL
DISPUTES: A US INITIATIVE, A SECTION ON ARBITRATION
(DOCUMENT D/153) HAS BEEN PROVISIONALLY REGISTERED. IN
PARTICULAR, IT MAKES POSITIVE NEW RECOMMENDATIONS
CONCERNING USE OF ARBITRATION AND ARBITRATION IN
THIRD COUNTRIES.

3. BASED ON THE ABOVE, OUR CONCLUSION IS THAT CSCE
TEXTS PROVISIONALLY REGISTERED THUS FAR ARE CONSISTENT
WITH THE TRADE ACT, AND THAT OUR INSTRUCTIONS FOR
THE TEXTS WHICH ARE STILL UNDER CONSIDERATION ARE IN-
TENDED TO ENSURE THE SAME CONSISTENCY IN THE PORTIONS
WHICH HAVE YET TO BE AGREED. ABRAMS

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